



State of South Carolina

Office of the Governor

MARK SANFORD
GOVERNOR

Post Office Box 12267
COLUMBIA 29211

May 19, 2009

The Honorable Robert W. Harrell, Jr.
Speaker of the House of Representatives
Post Office Box 11867
Columbia, South Carolina 29211

Dear Mr. Speaker and Members of the House:

I am writing to inform you that I am vetoing and returning without my approval H. 3616, R. 51, a bill that would create Enterprise Campus Authorities at five of our technical colleges across the state.

Let me start by saying that we support the technical colleges and their mission to educate students and train them for the workforce. In the past, we have allowed similar pieces of legislation to become law; however, since that time there have been instances where public investment hasn't drawn private capital or anything nearing a commensurate level of private investment, which has given us pause for concern.

First, we would point to the University of South Carolina, where millions of public funds have been poured into buildings at Innovista. The problem here is that many of these buildings still remain vacant, and USC lacks the additional private funding needed to complete the project. To date, this project has not drawn down enough private capital to make this a worthwhile expenditure of public funds, as the promise of private funding was the justification for public funding. We are concerned that supporting this bill would put our state in the position of putting more public funds toward research buildings without any ready-to-go private tenants or accompanying private investments. On projects like these we believe it is time to replace involuntary taxpayer capital with voluntary private capital.

Second, we can look to the "Restorative Institute" that has already received more than \$13 million of our tax dollars in Charleston. Under this program with Clemson, restoration of the Hunley is now being financed by taxpayers. In our many deliberations with Clemson, representatives have assured us that private monies would be forthcoming. This "assurance" of private matching dollars has proven to be nothing more than an illusion, and we have consistently made the counterpoint that there is not a big market in restoring Confederate-era

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submarines. We believe it is dangerous for us to get into the practice Kevin Costner used in the movie *Field of Dreams*, with the approach of building it in the hope that “they will come.” Costner’s character hoped for the return of long dead baseball players, and in our current situation, private capital may appear just as ephemeral in these “research” enterprises if all of us are not vigilant in looking at quantifiable returns on these significant public investments.

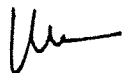
We would also question whether we should expand this concept to other technical colleges during the difficult budget times in which we live. Given the current fiscal climate – and no solid assurance that the situation will dramatically improve within the next year or so – we believe that schools should be focusing their resources towards fulfilling their core mission – educating students – rather than, what has been in some cases, speculative investment with public dollars.

Having laid out our concerns, we would support a similar bill in the future if certain assurances from private investors existed prior to the construction of facilities. We would want a cost-benefit analysis proposal performed prior to the investment of public funds, as well as a dedicated revenue source in hand before a project was started. This would ensure that taxpayers would not fund the construction of a research facility through direct appropriations or through a hike in student tuition, and allow for a greater return on taxpayers’ investment instead of what USC has done by constructing buildings in a speculative fashion. While we are encouraged by the provision in this bill that calls for an annual report on the development and use of the enterprise campus to be submitted no later than six months *after* the end of each fiscal year, we would prefer that this information be presented upfront detailing what the commitments of the private investors will be.

While we cannot support the current legislation, we do applaud the goals that the bill is attempting to achieve and would be willing to reconsider our position if the assurances outlined above are met.

For the reasons above, I am vetoing and returning without my approval H. 3616, R. 51.

Sincerely,

A handwritten signature in black ink, appearing to be 'MS', written in a cursive style.

Mark Sanford